

## Message Text

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PAGE 01 HONG K 06466 230244Z

ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AID-05 OMB-01 TRSE-00  
CIAE-00 DODE-00 PM-05 H-01 INR-10 L-03 NSAE-00  
NSC-05 PA-01 SP-02 SS-15 ICA-11 IO-13 EB-08 /105 W  
-----083368 230827Z /15

R 230126Z MAY 78

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 504

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY VIENTIANE

CINCPAC

USLO PEKING

C O N F I D E N T I A L HONG KONG 6466

CINCPAC FOR POLAD

E.O. 11652: XGDS-1

TAGS: PEPR, EAID, PBOR, VM, SW, CB, US, CH

SUBJ: FOREIGN OBSERVER COMMENTS ON VIETNAM

REF: HONG KONG 6337

1. SUMMARY: NEWLY ACCREDITED SWEDISH AMBASSADOR TO HANOI  
TOM TSCHERNING CALLED ON CONGEN MAY 18 TO REVIEW THE CURRENT  
SITUATION IN VIETNAM. HIS COMMENTS COVERED SWEDISH AID  
EFFORTS IN VIETNAM (VERY SLOW BUT PROCEEDING); THE  
CAMBODIA/VIETNAM BORDER CONFLICT (NO END IN SIGHT); SINO/  
VIETNAMESE RELATIONS (GOING DOWN HILL); AND US/VIETNAMESE  
RELATIONS (NO MOVEMENT).

2. SWEDISH ASSISTANCE. THE NEW SWEDISH ENVOY DESCRIBED  
HIS OWN TASK AS RELATIVELY SIMPLE, NOT REQUIRING ANY  
NEW INITIATIVES BUT SIMPLY IMPLEMENTATION OF EXISTING  
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PAGE 02 HONG K 06466 230244Z

PROGRAMS WITHIN REASONABLE TIME AND COST LIMITATIONS.  
HE NOTED THAT SWEDEN HAD THREE MAJOR PROJECTS: A HOSPITAL  
NORTH OF HAIPHONG; A HOSPITAL NEAR HANOI AND THE FOREST  
INDUSTRY PROJECT NEAR BAI BANG (SOME 120 KILOMETERS NORTH  
OF HANOI) WHICH INCLUDED A PAPER MILL, POWER PLANT,  
CHEMICAL PLANT, RAIL LINKS AND A FORESTRY PROGRAM. HE  
SAID THAT DESPITE CONSIDERABLE DIFFICULTIES THE PROJECTS

WERE MAKING REASONABLE PROGRESS AND WERE ONLY ABOUT TWO YEARS BEHIND SCHEDULE, A DELAY HE CONSIDERED "NORMAL" AND CONSIDERABLY SHORTER THAN THAT EXPERIENCED BY THE SOVIETS AND OTHER AID DONORS. HE OBSERVED THAT THE VIETNAMESE IN THEIR DRIVE FOR DEVELOPMENT FREQUENTLY REACHED BEYOND THEIR OWN CAPABILITIES. THE DELAYS IN THE SWEDISH PROJECTS WERE MAINLY CAUSED BY LACK OF TRANSPORTATION, THE CHAOS AT HAIPHONG HARBOR, BAD ROADS BETWEEN HARBOR AND PROJECT SITES, AND POOR VIETNAMESE MANAGEMENT IN GENERAL. SWEDISH AID PERSONNEL WERE FREQUENTLY FRUSTRATED BECAUSE THEY HAD TO DEAL WITH FOUR TO FIVE MINISTRIES OF STATE ENTERPRISES TO RESOLVE SIMPLE PROBLEMS.

3. CAMBODIAN/VIETNAMESE BORDER CONFLICT. TSCHERNING COMMENTED THAT VIETNAM'S WAR WITH CAMBODIA WAS CERTAINLY AN OBSTACLE TO ECONOMIC DEVELOPMENT AND SEEMED TO BE A LASTING CONFLICT WITH NO HOPE OF A QUICK SOLUTION. HE EXPECTED THE ROMANIAN PRESIDENT TO BE IN HANOI WHEN HE RETURNED AND KNEW THAT THE ROMANIANS PLANNED TO VISIT PHNOM PENH. HE DID NOT EXPECT THESE VISITS WOULD HELP RESOLVE THE CONFLICT SINCE THE VIETNAMESE ALREADY SAID THEY DO NOT WISH ANY THIRD-COUNTRY MEDIATOR. HE DID NOT BELIEVE HANOI WOULD SEEK A MILITARY SOLUTION BUT RATHER APPEARED TO BE COMMITTED TO UNDERMINING THE POL POT GOVERNMENT THROUGH AN UNRELENTING APPLICATION OF CONFIDENTIAL

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PAGE 03 HONG K 06466 230244Z

EXTERNAL PRESSURE AND THE INTRODUCTION OF VIETNAMESE-TRAINED CAMBODIAN INSURGENTS.

4. PRC/SRV RELATIONS. REFERRING TO THE ALLEGED FIGHTING ON SINO/VIETNAMESE BORDER, REPORTED BY A SWEDISH JOURNALIST, TSCHERNING SAID THAT NO INFORMATION OF THIS KIND WAS RECEIVED BY THE SWEDISH FOREIGN MINISTER'S DELEGATION DURING THEIR VISIT TO HANOI AND THAT THE SWEDES WERE SOMEWHAT EMBARRASSED SINCE THIS JOURNALIST HAD ACCOMPANIED THE FOREIGN MINISTER. CONCERNING CHINA, TSCHERNING QUOTED A VIETNAMESE OFFICIAL AS SAYING THAT ALL DEVELOPMENT EFFORTS FROM ALL COUNTRIES WERE CONSIDERED VALUABLE BY THE SRV BUT THERE WAS NOT ALWAYS "SUNSHINE" BETWEEN SOCIALIST COUNTRIES, AN OBVIOUS REFERENCE TO SINO/VIETNAMESE DIFFICULTIES. VIETNAM OFFICIALS ADMITTED INCIDENTS ON THE CHINESE BORDER INCLUDING HAND-TO-HAND COMBAT BUT NO LARGE-SCALE MILITARY ACTION, "NO BATTLES, NO TANKS." AS EVIDENCE OF A STRAINED RELATIONSHIP, TSCHERNING NOTED THAT THE CHINESE AMBASSADOR DID NOT JOIN AT THE "TABLE D'HONNEUR" RESERVED FOR AMBASSADORS FROM SOCIALIST COUNTRIES AT VARIOUS OFFICIAL GATHERINGS BUT PREFERRED TO SIT ALONE. HE ADDED THERE WERE NO NEW

CHINESE AID PROJECTS AND THOSE THAT EXISTED CONTINUED AT A SLOW AND IRREGULAR PACE. CONCERNING THE RECENT EXODUS OF ETHNIC CHINESE FROM VIETNAM, TSCHERNING SAID THAT THE CHINESE HAD PROGRESSIVELY USED THE FIGURES OF 20,000 AND THEN 30,000 IN DESCRIBING THE NUMBERS DEPARTED.

(COMMENT: THIS FITS IN WITH OUR RECENT FIGURE OF 40,000 REPORTED REFTTEL). HE ALSO HAD HEARD THAT THE VIETNAMESE CONFISCATED THE BAGGAGE OF THE DEPARTING CHINESE AND REQUIRED THEM TO SIGN A STATEMENT THAT THEIR DEPARTURE WAS VOLUNTARY.

5. SOVIET ASSISTANCE. THE LARGEST AID DONOR IN VIETNAM IS THE SOVIET UNION WITH AT LEAST 2000 ECONOMIC ADVISORS IN COUNTRY (COMPARED TO SWEDEN'S 500). MOST SOVIET AID, CONFIDENTIAL

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PAGE 04 HONG K 06466 230244Z

HOWEVER, WAS PROVIDED ON A CREDIT BASIS. THE OTHER LARGE DONOR WAS THE DEMOCRATIC REPUBLIC OF GERMANY WHICH HAD SEVERAL LARGE PROJECTS.

6. US/VIETNAMESE RELATIONS. VIETNAMESE OFFICIALS HAD COMMENTED TO TSCHERNING THAT THERE WAS CURRENTLY NO NEW MOVEMENT AT ALL ON US/VIETNAMESE NORMALIZATION AND IT WAS UP TO THE US TO CHANGE ITS STANCE. TSCHERNING REPORTED HEARING THAT A UN DEVELOPMENT OFFICIAL RECENTLY CONVEYED AN INVITATION FROM THE VIETNAMESE TO THE PRESIDENT OF CHASE MANHATTAN BANK, DAVID ROCKERFELLER, SUGGESTING THAT HE VISIT HANOI. IN PREPARATION FOR THIS PROPOSED VISIT, RETIRED AMBASSADOR RIDGWAY KNIGHT RECENTLY VISITED HANOI. SHOESMITH

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## Message Attributes

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